

Internal Audit Compliance Checklist

**BRANCH OFFICES
WALKTHROUGH PROCEDURES**

Licensee: _____ Review Period: _____

NGC Regulation 6.090(15) requires the internal auditor to use guidelines, checklists and other “criteria established by the Chair” in determining whether a Group I licensee is in compliance with applicable statutes, regulations, and Minimum Internal Control Standards (MICS). The use of this checklist satisfies these requirements.

Date of Inquiry	Person Interviewed	Position

Checklist Completion Notes:

- 1) Unless otherwise instructed, examine a completed document for compliance for those questions referring to records/documentation as indicated and recalculate where appropriate. Indicate (by tickmark) whether the procedures were confirmed via examination/review of documentation, through inquiry of personnel or via observation of procedures. Tickmarks used are to be defined at the bottom of each page.
- 2) All “no” answers require referencing and/or comment, and should be cited as regulation violations, unless the Board Chair has granted a MICS variation or the question requires a “no” answer for acceptability. All “N/A” answers require referencing and/or comment, as to the reason the procedure is not applicable. All exceptions noted should be carried to the internal auditor’s report/summary of findings for timely follow-up.
- 3) “(#)” refers to the Minimum Internal Control Standards for Cage and Credit, Version 9 or to the applicable regulation/statute.

Scope:

As used in this checklist, the term “branch office” includes physical offices that can take possession of currency and/or monetary equivalents from a patron for account deposits and/or payment on credit instruments. The branch office is responsible for the funds received and is required to record the transactions on a branch office accountability form. A branch office can be within another business, a residence, or any other physical space. A branch office can be operated by a licensee’s employee, marketing representative or an independent agent. This term does not include branch offices operated by an independent agent who the licensee has not authorized to accept, on the licensee’s behalf, account deposits or payments on credit instruments. A single branch office may be used by multiple licensees.

As used in this checklist, the term “independent agent” means an individual meeting such definition at NRS 463.0164 and having been authorized to accept, on the licensee’s behalf, account deposits or payments on credit instruments.

Branch offices and/or independent agents that either took possession of more than \$500,000 (cash or non-cash) in deposits or collected, in total, more than \$500,000 (cash or non-cash) on credit instruments during the previous fiscal year, or more than \$500,000 in the fiscal year to date are visited and compliance reviewed at **least every other year**.

Branch offices not meeting the aforementioned \$500,000 criteria are visited and compliance reviewed at **least once every five years**.

Verified per representation
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This walk-through checklist is intended for such visits and should not be completed as part of "in-house" walk-through procedures. **Review the list of branch offices (Cage and Credit MICS #97) and independent agents (Cage and Credit MICS #98) submitted to the Board's Audit Division (Cage and Credit MICS #99) in determining which branch offices are to be visited. A copy of this list should be included in the internal audit workpapers.**

Indicate Branch Office Visited and Date of Visit: _____

MICS Variations and Regulation Waivers:

Obtain copies of MICS variation and regulation waiver requests and NGCB correspondence regarding such requests from appropriate property personnel. Review to determine status of evidence of any waivers or alternative requirements imposed by granted variations. Modify and/or perform additional procedures as applicable.

Questions	Yes	No	N/A	Comments, W/P Reference
1. Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the NGCB or the CPA, or include a copy of the prior audit reports in the workpapers and follow up on any problems noted. Duplication of exceptions when the CPA is referring to exceptions reported in internal audit reports is not necessary.				
2. Has the written system of internal control for branch office procedures been read prior to the completion of this checklist to obtain an understanding of branch office procedures?				
3. If outstanding original credit instruments are transferred to the branch office, is a copy of the credit instrument retained and a receipt sent to the licensee ("home office")? (MICS #20)				
4. Does the branch office maintain a detailed listing of outstanding credit instruments in its custody? (MICS #22)				

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Questions	Yes	No	N/A	Comments, W/P Reference
5. Is the above listing prepared or reviewed and signed by a "home office" individual independent of credit transactions and collections thereon? (MICS #23)				
6. Are all payments received on outstanding credit instruments received at the branch office permanently recorded at the "home office" and on the records of the office? (MICS #24)				
7. When partial payments are made on credit instruments in the custody of the branch office (i.e. markers, personal checks, payroll checks, cashier's checks), and the original instruments are not replaced with a marker for the remaining balance, are the payments evidenced by a multi-part, sequentially-numbered receipt (or another equivalent document) which contains:				
a. The same receipt number on all copies? (MICS #25)				
b. Patron's name? (MICS #25)				
c. Date of payment? (MICS #25)				
d. Dollar amount of payment and nature of payment (cash, chips, etc.)? (MICS #25)				
e. Signature of individual receiving payment? (MICS #25)				

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<p>f. Marker number or other identifying characteristic of the credit instrument on which payment is being made? (MICS #25)</p> <p>Note: The marker number may be recorded at the "home office" rather than at the branch office.</p>				
<p>8. Are records of all correspondence, transfers to and from the "home office", and other documents related to issued credit instruments maintained? (MICS #32)</p>				
<p>9. Are written-off or settled/discounted credit instruments approved by at least two management officials, other than branch office personnel, at least one of whom is independent of the initial credit limit approval process, and the issuance and collection of credit relative to the patron's credit account, and is it authorized in writing? (MICS #34)</p> <p>Note: The job titles of management personnel required to review and grant such approvals are delineated within the cage and credit section of the written system of internal control. (MICS #34, Note)</p>				
<p>10. Is the receipt or withdrawal of a customer deposit evidenced by at least a two-part document with one copy going to the customer and one copy remaining in the branch office files? (MICS #52)</p>				

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Questions	Yes	No	N/A	Comments, W/P Reference
11. Does each part of the sequentially-numbered receipt contain the following information:				
a. Same receipt number on all copies? (MICS #53)				
b. Customer's name and signature? (MICS #53)				
c. Date of deposit/withdrawal? (MICS #53)				
d. Dollar amount of deposit/withdrawal? (MICS #53) Note: For foreign currency transactions in a branch office, the name of the foreign country, the amount of the foreign currency by denomination and its U.S. dollar equivalent is also documented. (MICS #53d)				
e. Nature of deposit/withdrawal (e.g., cash, check or chips)? (MICS #53)				
f. Branch office location where the deposit/withdrawal was transacted? (MICS #53)				
g. Employee's name and signature who conducted the transaction? (MICS #53) Note: Provided ALL of the above information (a through g) is available, the only required information for all copies of the receipt is the receipt number.				

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12. Have procedures been established to:				
a. Maintain a detailed record by patron name and date of all funds on deposit held in the branch office? (MICS #54)				
b. Maintain a current balance of all customer deposits which are in the branch office inventory or accountability? (MICS #54)				
c. Reconcile this current balance with the deposits and withdrawals at least daily? (MICS #54)				
13. Is access to outstanding credit instruments restricted to persons authorized by management? (MICS #29)				
14. Is a reasonable effort, as defined by Regulation 6.120(3) , made to collect outstanding casino accounts receivable?				
15. Are settlements made for the purposes set forth in Regulation 6.120(5) ?				
16. Are settlements documented pursuant to Regulation 6.120(6) ?				
17. Are completed, written-off or settled/discounted credit instrument documents mailed to the accounting department within 72 hours of when the patron's credit account records are updated? (MICS #35)				

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18. Does a “home office” employee independent of branch office operations and the cage department, for one day each year, the credit instrument collections as recorded by the branch office to the patrons’ credit accounts? Additionally, are the branch office bank deposits, consisting of patron credit collections, traced to the appropriate bank statement and then to the patrons’ credit accounts looking for any unrecorded payment? (MICS #86)				
19. At least monthly, does a “home office” employee independent of branch office operations and the cage department reconcile the listing prepared pursuant to MICS #22 to the credit issuances and payments recorded by the cage? (MICS #96)				
20. Does the branch office maintain the following documents:				
a. A separate monthly log, by day, of payments received on credit instruments that includes the patron’s name on account to which the payment is being applied, the name of individual making the payment (if different than the patron), date of payment, dollar amount of payment, nature of payment (e.g., cashor check) and the name of licensee(s) for which the payment is accepted if the office is utilized by more than one licensee? Does the log, or a summary log, include monthly subtotals for each licensee utilizing the branch office, and a monthly grand total? (MICS #100) Verify by examination.				

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b. A separate monthly log, by day, of all funds deposited and withdrawn that includes the patron's name, date of deposit/withdrawal, dollar amount of deposit/withdrawal, nature of deposit (e.g., cash or check), nature of withdrawal (e.g., cash or marker payment), the new ending account balance, and the name of the licensee(s) for which the payment is accepted if the office is utilized by more than one licensee? Does the log, or a summary log, include for deposits and for withdrawals monthly subtotals for each licensee utilizing the branch office, and monthly grand totals? (MICS #100) Verify by examination.				

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Questions	Yes	No	N/A	Comments, W/P Reference
<p>c. A monthly record of currency exchange rate gains and losses and money changer fees in conjunction with a patron's payment on credit instruments that includes the patron's name, date of receipt, dollar amount of payment, and the name of the licensee(s) for which the payment is accepted if the office is utilized by more than one licensee. Does the log, or a summary log, include monthly subtotals for each licensee utilizing the branch office, and a monthly grand total? (MICS #100) Verify by examination.</p> <p>Note 1: The accounting/finance department of the "home office" rather than the branch office may maintain this information. (MICS #100)</p> <p>Note 2: The money changer fees paid by the patron is included in the dollar amount of collections reported on the NGC tax returns. Additionally, the dollar amount of collections reported on the NGC tax returns should not be adjusted for the currency exchange rate gain or loss in conjunction with a patron's payment. (MICS #100, Note)</p>				

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21. Has the name of the branch office visited, the total previous fiscal year collections and deposit amounts for that office, and date of visit been added to the master list of branch office visits performed by internal audit? This list is maintained for branch office scheduling purposes and for review by NGCB and CPA.				
<u>Procedures Modified or Added:</u>				

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